

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

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In re: :  
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THE FINANCIAL OVERSIGHT AND :  
MANAGEMENT BOARD FOR PUERTO RICO, : PROMESA  
 : Title III  
as representative of :  
 : Case No. 17-BK-3283 (LTS)  
THE COMMONWEALTH OF PUERTO RICO *et al.*, :  
 : (Jointly Administered)  
Debtors.<sup>1</sup> :  
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**PARTIAL JOINDER OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN  
SUPPORT OF OPPOSITION OF THE COMMONWEALTH OF PUERTO RICO TO  
AMBAC ASSURANCE CORPORATION’S MOTION CONCERNING APPLICATION  
OF THE AUTOMATIC STAY [ECF NO. 7176]**

To the Honorable United States District Judge Laura Taylor Swain:

The Official Committee of Unsecured Creditors of all Title III Debtors (the “Committee”) hereby files this partial joinder (the “Partial Joinder”) in support of the Financial Oversight and Management Board for Puerto Rico’s (“Oversight Board”) *Opposition of The Commonwealth of Puerto Rico to Ambac Assurance Corporation’s Motion Concerning Application of the Automatic Stay [ECF No. 7176]* (the “Opposition”) [Dkt. No. 7287], filed in response to Ambac Assurance Corporation’s (“Ambac”) *Motion and Memorandum of Law in Support of its Motion Concerning Application of the Automatic Stay to the Revenues Securing PRIFA Rum Tax Bonds* [Dkt. No. 7176] (the “Motion”) and *Financial Guaranty Insurance*

<sup>1</sup> The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474), and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747).

*Company's Joinder in Ambac's Motion Concerning Application of the Automatic Stay to the Revenues Securing PRIFA Rum Tax Bonds* [Dkt. No. 7546] (the "FGIC Joinder") filed by Financial Guaranty Insurance Company ("FGIC," and together with Ambac, the "Movants"). In connection with the argument in Section III.A of the Opposition, the Committee respectfully states as follows:

1. To the extent that Movants have any security interest in any revenues of the Rum Taxes,<sup>2</sup> that security interest is limited to monies deposited into the Sinking Fund. The "Now, Therefore" clause of the Trust Agreement<sup>3</sup> provides that PRIFA "has pledged and does hereby pledge to the Trustee **the Pledged Revenues (as defined herein)** . . . as security for the payment of the Bonds and the interest and premium, if any, thereon . . ." *See* Opp'n, Ex. A, Trust Agreement, at 10 (emphasis added). The Trust Agreement defines the term "Pledged Revenues" to mean "the Special Tax Revenues and any other moneys **that have been deposited to the credit of the Sinking Fund.**" *See id.* at 17. Likewise, the Trust Agreement defines the term "Special Tax Revenues" to mean the "Offshore Excise Taxes deposited to the credit of the Puerto Rico Infrastructure Fund pursuant to the [PRIFA Enabling Act]." *See id.* at 21. Therefore, the pledge provided for in the Trust Agreement is limited to Offshore Excise Taxes (*i.e.*, the rum taxes) that are (1) deposited by the Commonwealth in the Puerto Rico Infrastructure Fund, and (2) transferred by PRIFA from the Puerto Rico Infrastructure Fund to the Sinking Fund.

2. This pledge is not affected by the PRIFA Enabling Act, which merely authorizes (but does not require) PRIFA to pledge the revenues of the Rum Taxes, and provides that the

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<sup>2</sup> Capitalized terms not otherwise defined shall have the meaning ascribed to them in the Opposition.

<sup>3</sup> Trust Agreement dated October 1, 1988 between PRIFA and Citibank N.A., as Trustee (the "Trust Agreement"). A true and correct copy of the Trust Agreement is marked as Exhibit A to the Opposition.

scope of any pledge that secures the payment of PRIFA Bonds is defined by the relevant trust agreement:

The principal of, and interest on, the bonds issued by the Authority **may** be secured by a pledge of all or part of any of its revenues which, subject to the provisions of § 8 of Article VI of the Constitution of the Commonwealth of Puerto Rico, may include the proceeds of any tax or other funds which may be made available to the Authority by the Commonwealth, **all as provided in the trust agreement or resolution under which the bonds are issued.**

3 L.P.R.A. § 1907(a) (emphasis added).

*[Remainder of page intentionally left blank]*

WHEREFORE, the Committee respectfully requests that this Court deny Ambac's Motion and FGIC's Joinder.

Dated: July 3, 2019

By: /s/ Luc A. Despins

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